

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

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TO SECSTATE WASHDC 9515

INFO AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY MOSCOW

USMISSION NATO

AMEMBASSY REYKJAVIK

AMEMBASSY STOCKHOLM

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY THE HAGUE

AMEMBASSY PARIS

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E.O. 11652: GDS

TAGS: ENRG, NO, SV, UR

SUBJECT: VISIT TO SVALBARD

SUMMARY. NORWEGIAN DESK OFFICER PINKNEY AND DCM SPENT MARCH 12-19 ON SVALBARD AS GUEST OF STORE NORSK COAL COMPANY (NSKC), WHICH VIRTUALLY RUNS LONGYEARBYEN. WITH OFFICIAL OPENING OF INTERNATIONAL AIRPORT THIS SUMMER AND APPARENT DETERMINATION OF NORWEGIAN STATE TO PLAY MORE ACTIVE ROLE IN THIS "COMPANY TOWN," SVALBARD IS ENTERING A NEW PHASE IN ITS COMPLEX HISTORY. SOVIETS APPEAR TO BE INCREASING SOMEWHAT THEIR OWN ACTIVITY ON SVALBARD, PARTIALLY IN RESPONSE TO GREATER NORWEGIAN ACTIVITY. POOR GRADE OF COAL SOVIETS WORK AT LIMITED OFFICIAL USE

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BARENTSBURG AND PYRAMIDEN, AND SINGLE OIL WELL THEY ARE DRILLING

WOULD NOT APPEAR TO JUSTIFY EXPANDING PRESENCE OF PERSONNEL, NEW HOUSING, ETC. LOCAL NORWEGIAN GOVERNOR (SYSELLMANN) EXPRESSED CONCERN OVER LARGE SOVIET PRESENCE, WHILE REPORTING THAT LIMITED EXCHANGES BETWEEN THE TWO COMMUNITIES ARE HARMONIOUS AND SOVIETS HAVE NOT MADE ANY STRENUOUS PROPAGANDA EFFORTS THUS FAR. IT IS IMPORTANT THAT NORWEGIAN STATE HELP FINANCE POTENTIALLY LARGE AND HIGH GRADE SVEA COAL MINE, TO ENSURE THAT NORWEGIAN ECONOMIC ACTIVITY AND PRESENCE REMAIN IN SOME BALANCE WITH THAT OF USSR. END SUMMARY.

1. THE INHABITANTS OF THE WORLD'S MOST NORTHERLY TOWN, NAMED AFTER ITS AMERICAN FOUNDER LONGYEAR, ARE VERY NORWEGIAN IN DREADING THE CHANGES WHICH THE NEW INTERNATIONAL AIRPORT WITH ITS TOURISTS, WILL BRING TO THEIR HARSH BUT RATHER UNIQUE ENVIRONMENT. THE ARRIVAL MARCH 10 OF 50 SOVIETS BY THE FIRST AEROFLOT FLIGHT TO USE THE NEW AIRPORT WAS ALSO A REMINDER OF THE POTENTIAL IMPACT OF A REGULAR AEROFLOT SCHEDULE ON SOVIET ACTIVITY ON SVALBARD, THE FOCUS OF THIS REPORT.

2. SYSELLMANN LEIF ELDRING EXPRESSED HIS CONCERN OVER THE LARGE SOVIET PRESENCE WHICH HAS INCREASED TO 2500 PERSONS ACCORDING TO LATEST FIGURES GIVEN HIM BY SOVIET CONSUL SERGEI GREBNEV. THE CONSUL ATTRIBUTES THIS INCREASE BY SEVERAL HUNDRED PERSONS TO NEW CONSTRUCTION PROJECTS (COMPLETION AT BARENTSBURG OF A BADLY NEEDED BUT STILL VERY POOR HOTEL, NEW CULTURE PALACE, PLUS HOUSING AT BOTH CONSTRUCTION SITES) AND THE OIL DRILLING OPERATIONS AT COAL BAY. UNDER REVISED CONTRACT PROCEDURES WITH ARKTIKUGOL, SOVIET MINERS NOW COME FOR ONE YEAR INSTEAD OF TWO, MEANING A LARGER TURN-OVER. SOVIETS

ARE GENERALLY MORE MOBILE THAN THE NORWEGIANS: THEY HAVE TWO SMALL ICEBREAKERS (NORWEGIANS HAVE NONE); THEY ARE TALKING OF BRINGING IN A LARGE (30-PERSON) HELICOPTER TO SUPPLEMENT 5 SMALLER ONES FOR COMMUNICATION WITH PYRAMIDEN. NORWEGIANS HAVE TWO SMALL PLANES BUT NO HELICOPTER.

3. NORWEGIANS CONCLUDE THAT SOVIET ECONOMIC ACTIVITY ON SVALBARD IS PRIMARILY POLITICAL IN PURPOSE, TO JUSTIFY A LARGE SOVIET PRESENCE. THE COAL MINED AT BARENTSBURG AND PYRAMIDEN HAS HIGH METHANE GAS AND 25-30 PERCENT ASH CONTENT. NORWEGIANS ASSUME THAT POWER PLANTS IN MURMANSK COULD GET BETTER GRADE COAL FROM MORE LIMITED OFFICIAL USE

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CONVENIENT SOURCES LIKE VORKUTA. AT REQUEST OF SOVIETS, NSKC LEASED SOME 17 SQ. KMS CONTAINING COAL VEINS COMPANY DID NOT CONSIDER WORTH MINING, TO ENABLE SOVIETS TO CONTINUE OPERATING AFTER BARENTSBURG VEINS WERE EXHAUSTED. POORER QUALITY AND MORE DIFFICULT MINING CONDITIONS ONLY PARTIALLY EXPLAIN WHY IT REQUIRES DOUBLE NUMBER OF SOVIET MINERS TO EXTRACT ABOUT SAME QUANTITY OF COAL I.E. 450,000 TONS PER YEAR.

4. FINA GROUP HAS BEEN MORE ACTIVE THAN ANY FOREIGN COMPANY IN DRILLING FOR OIL ON SVALBARD. FINA AND CALTEX (AMOSEAS GROUP) ARE APPARENTLY CURRENTLY CONSIDERING WHAT FURTHER WORK THEY NEED TO DO TO AVOID LOSING SOME OF THEIR LARGE CLAIM AREAS. NORSK OLAR NAVIGASJON IS EXPECTED TO RESUME DRILLING ON THE WEST COAST THIS SUMMER, BUT AT PRESENT ONLY THE SOVIETS ARE DRILLING. IN CASE OF ANY CONFLICT BETWEEN CALTEX'S RIGHT TO PROSPECT FOR OIL ON NSKC LAND AND ARKTIGUGOL'S RIGHTS TO PROSPECT FOR COAL, THE SOVIETS WERE INFORMED BY NSKC THAT CALTEX HAD A PRIORITY INTEREST. NSKC REPORTED IT WAS NOT INTERESTED IN BID LAST YEAR BY THE AMERICAN AMZ COAL COMPANY TO FORM SOME TYPE OF JOINT ENTERPRISE.

5. BERGMESTER JOHNSON, WHO IS RESPONSIBLE FOR ASSIGNING AND SUPERVISING MINERAL CLAIMS ON SVALBARD, SPENT A NIGHT THIS MARCH ABOARD THE SOVIET ICEBREAKER KRASSIN, TOGETHER WITH A GEOLOGIST AND A SAFETY SPECIALIST FROM THE OIL DIRECTORATE. KRASSIN IS USED AS HOTEL AND POWER PLANT. THEY SAID THEY WERE VERY IMPRESSED WITH THE TECHNICAL COMPETENCE OF THE YOUNG 50-MEN OIL DRILLING TEAM AND THE AUTOMATIC RACKING DRILL THEY WERE USING TO BORE WHAT IS PRIMARILY A STRATIGRAPHIC WELL. NO SIGNIFICANT AMOUNT OF OIL HAS BEEN FOUND.

6. THERE ARE NUMEROUS OFFICIAL AND UNOFFICIAL CONTACTS BETWEEN THE SOVIET AND NORWEGIAN COMMUNITIES. SYSELLMANN MEETS ALTERNATELY, IN LONGYEARBYEN AND BARENTSBURG WITH THE SOVIET CONSUL AND HIS APPARENTLY KGB VICE-CONSUL, BOTH OF WHOM SPEAK ENGLISH. GREBNEV WAS UNABLE TO RECEIVE EITHER BARGMESTER OR DCM DURING THE WEEK THEY WERE ON SVALBARD TOGETHER, BUT NORWEGIAN OFFICIALS DO NOT REPORT ANY PARTICULAR DIFFICULTY NORMALLY IN EXCHANGING VISITS BETWEEN LONGYEARBYEN AND BARENTSBURG. THERE ARE ALSO EXCHANGES BETWEEN THE TWO COMMUNITIES (E.G. FOUR 25-PERSON TOURIST DELEGATIONS EACH YEAR AND AN ANNUAL CHESS AND FOOTBALL MATCH IN WHICH SOVIETS MADE NO FRIENDS LAST YEAR BY BRINGING IN RINGERS LIMITED OFFICIAL USE

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FROM MURMANSK.) SCIENTISTS AT CENTER AT NY ALESUND REPORT SEEING NO SOVIETS SINCE VISIT BY GLACIOLOGIST LAST SUMMER, BUT NORWEGIANS OPENING NEW MINE AT SVEA REPORTED THEY WERE RECEIVING FIRST VISIT BY SOVIET DELEGATION IN NEXT FEW DAYS.

7. IT IS PROBABLE THAT INCREASED SOVIET ACTIVITY IS PARTIALLY RESPONSIVE TO EVIDENCE OF MORE ASSERTIVE AND ACTIVE ROLE BY NORWEGIANS ON SVALBARD. SOVIETS ARE REPORTED TO HAVE STATED QUITE FRANKLY TO NORWEGIANS THAT THEY WOULD MATCH ANY BUILD UP IN NORWEGIAN ACTIVITY THERE. REPORT TO STARTING ON SVALBARD, JUST ISSUED, CALLS FOR NORWEGIAN STATE TO PLAY MORE ACTIVE ROLE, ASSUMING RESPONSIBILITIES FOR THE SCHOOL, HOSPITAL AND HOUSING PRESENTLY PROVIDED BY NSKC. NORWEGIAN GOVERNMENT WOULD ALSO LIKE TO BUY MAJORITY INTEREST IN NSKC IN EXCHANGE FOR HELPING TO FINANCE THE OPENING AT SVEA OF AN IMPRESSIVE MINE WITH SOLID 5-METER THICK

COAL VEIN HAVING NO GAS, ONLY 4-5 PERCENT ASH CONTENT, AND APPARENTLY MANY KILOMETERS IN LENGTH. NSKC PLANS CALL FOR PRODUCING AT LEAST 1 MILLION TONS OF COAL PER YEAR BEGINNING IN 1978. MINE WOULD EMPLOY ABOUT 300 MINERS PLUS MANAGEMENT AND SERVICE PERSONNEL, THUS INCREASING SUBSTANTIALLY NORWEGIAN PRESENCE ON SVALBARD (NOW LESS THAN 1200). ACCORDING TO NSKC OFFICIALS, THERE IS SPLIT IN GOVERNMENTAL CIRCLES OVER WHETHER TO HELP NSKC RAISE 500 MILLION KRONER NEEDED FOR HOUSING AND OTHER FACILITIES AT SVEA, PARTICULARLY IF GOVERNMENT CANNOT SECURE MAJORITY INTEREST IN COMPANY. SOME NORWEGIANS ON SVALBARD EXPRESS CONCERN OVER THE IMPLICATIONS FOR LONG-TERM POLITICAL BALANCE THERE WITH USSR IF INCREASE IN NORWEGIAN ECONOMIC ACTIVITY DOES NOT MATERIALIZE AS PLANNED.

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## Message Attributes

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